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SERVICE DATE – JANUARY 14, 2002

SURFACE TRANSPORTATION BOARD

DECISION

STB Docket No. 42052

UNION PACIFIC RAILROAD COMPANY — PETITION FOR DECLARATORY ORDER —
UNILATERALLY IMPOSED INTERCHANGE CHARGES

AGENCY: Surface Transportation Board.

ACTION: Request for Notices of Intent to Participate.

SUMMARY: The Surface Transportation Board (Board) requests that those intending to participate in this phase of this proceeding, in which interested parties will meet to discuss ways to facilitate the interchange of railroad cars, notify the agency and the Association of American Railroads (AAR) of their intent. The Board is also suspending the procedural schedule established in the prior order (served on December 10, 2001).

DATES: We request that those intending to participate notify the Board and AAR by January 28, 2002. We will issue a further order after the notices of intent to participate have been filed, establishing dates by which the first meeting should be conducted and by which AAR should file a progress report.

ADDRESS: An original and one copy of each party's notice of intent, referring to STB Docket No. 42052, should be sent to: Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001, ATTN: STB Docket No. 42052. Two copies should also be sent to Association of American Railroads, 50 F Street, N.W., Washington, DC 20001.

FOR FURTHER INFORMATION CONTACT: At the Board, Beryl Gordon, (202) 565-1600. [TDD for the hearing impaired: 1-800-877-8339.] At AAR, John Carroll, (202) 639-2373.

SUPPLEMENTARY INFORMATION: This proceeding was instituted by the Board in response to a request for a declaratory order concerning ways in which rail carriers deal with interchange delays. However, because issues regarding interchange delays are often addressed under the framework of the industry-wide Car Service and Car Hire Agreement (CS/CH Agreement) and Code of Car Service Rules/Code of Car Hire Rules (CS/CH Rules) administered by the AAR, by notice served and published December 10, 2001 (66 FR 63741), the Board concluded that the issues raised could be better addressed in private sector discussions and that the CS/CH Rules

must be considered as part of any private sector resolution of the matter that had been brought before the Board. The agency therefore requested that, before a proceeding is moved forward administratively, AAR convene a meeting or series of meetings with railroads, shippers, and other involved parties to discuss ways to address issues concerning delays in the interchange of railroad cars between railroads, and to develop proposals for addressing incidences of traffic delays associated with such interchange. The Board further requested that AAR file a report describing the progress made at the meeting(s) and recommending how best to proceed to resolve these issues.

On December 21, 2001, we received a letter from AAR's General Counsel requesting that we take certain actions to facilitate moving the process forward in the private sector. First, noting that AAR has not been a party to the agency proceeding and that it has not yet been informed of all who may be interested in the matter or what any party's position may be, the letter suggests that we issue a Federal Register notice asking interested parties to file notices of intent to participate. To facilitate the conduct of the meeting(s), all parties should file notices of intent to participate, which should provide the name, address, official title, and operational experience of the person who will participate on behalf of the party, along with a brief (not more than one page) summary of the party's position and preliminary recommendations.

Given the interest that we expressed in our prior order for a practical solution based on good faith cooperation among all railroads, AAR's letter further suggests that we encourage participation by persons with expertise in rail operations/interchange issues, rather than by the party's counsel. We agree that the discussions we envisioned in our prior order would focus on operational cooperation rather than legal issues, and that the meeting(s) can be most fruitful if operational solutions are pursued. Thus, we strongly encourage participation by individuals with operational backgrounds.

AAR's letter also suggests that, given the current uncertainty as to the scope of the problem or the number of parties wishing to participate, the Board consider extending the time for holding the meeting beyond February 8, 2002. We agree. We will suspend the current procedural schedule, and adopt a new schedule after notices of intent to participate are filed.

Finally, AAR's letter expresses concern over potential antitrust exposure in the event that any proposals relating to the interchange issues under consideration could involve collective discussion of prices, rates, or tariffs. We do not want to prejudice or limit the type of permissible dialogue in a way that could undercut resolution of the matters at issue, but our purpose in asking the parties to attempt to resolve this matter in the private sector has been to make the interchange process work better, not to provide a forum for parties to collectively discuss specific rates for specific situations. Thus, in our view, if discussion of rate matters takes place, it should be of a general nature. Such general conversations — particularly given that they would be undertaken pursuant to our request — would not in our view subject the participants to antitrust exposure. And as long as any such conversations that may implicate rates are kept to a general nature, they

should not undercut what we hope could be a favorable outcome here, which is the development of a framework in which parties can conduct bilateral negotiations to work out interchange issues of the sort that precipitated this proceeding. If at any point it becomes evident that antitrust issues are a concern, we will be available to address the situation.

This action will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. Interested parties shall file notices of intent to participate, as described above, by January 28, 2002.
2. The procedural schedule established in our prior order is held in abeyance pending further order.
3. This decision is effective on January 17, 2002.

Decided: January 9, 2002.

By the Board, Chairman Morgan and Vice Chairman Burkes.

Vernon A. Williams
Secretary